

April 29, 2004

Senator Martha M. Escutia
California State Senate
Capitol Building #2187
Sacramento, CA 95814

RE: SB 1659 (Poochigian) - OPPOSE

Dear Senator Escutia:

As Chair of the Redevelopment Agency of the City of Santa Barbara, I wish to convey to you the Agency's opposition to **SB 1659** (Poochigian), as amended on April 6, 2004, and scheduled to be heard by the Senate Judiciary Committee on May 4, 2004. The bill would have significant negative impacts on redevelopment agencies and on the efficacious use of taxpayer's dollars to accomplish public purpose activities.

As the bill is written, in cases of commercial or residential property takings by redevelopment agencies through eminent domain proceedings, the courts would be constrained to use one measure of owner compensation only. Under current law, courts may consider fair market value based on the comparable sales approach, the income approach, or the cost approach (which analyzes the cost to reproduce improvements on the land less depreciation). **SB 1659** would require the courts to use only the cost approach, and without consideration of depreciation of improvements. This exclusive approach would likely result in instances of property owners getting "windfall" profits by replacing dilapidated, neglected improvements with new improvements at relocation sites at taxpayers' expense. In fact, while the bill would require the courts to order compensation to the owner at the undepreciated replacement value, based on simple stated intention, the owner would be under no obligation to actually replace the business or residence and could simply pocket the "profits" from the transaction.

Senator Martha Escutia
April 29, 2004
Page 2

At an economic time when redevelopment agencies are increasingly challenged to accomplish beneficial projects, in both commercial and affordable housing, **SB 1659** offers to further exacerbate the challenge. On behalf of the Redevelopment Agency of the City of Santa Barbara, I urge you to vote against SB 1659.

Sincerely,

Marty Blum
Mayor and Chair of the Redevelopment Agency

cc: Members, Senate Judiciary Committee
Senator Tom McClintock
Assemblymember Hannah-Beth Jackson
League of California Cities, David Mullinax
Jim Armstrong, City Administrator
Dave Gustafson, Assistant Community Development Director/Housing and
Redevelopment Manager
Stephen Wiley, City Attorney
City Council Members